

Chapter 24

Government Equity

24-1. General

The government's net investments and results of operations are accounted for and reported in the Standard General Ledger (SGL) equity accounts. The balances in the SGL equity accounts include appropriated capital, invested capital, results of operations, donations and other items and general fund receipts. The nature and purpose of the equity accounts is further described in this chapter.

24-2. Professional Requirements

To ensure accurate reporting of the government's equity, accountants must understand:

a. The definition and purpose of each type of equity account. Reference Table 4-2.

b. The transactions that update each SGL equity account. Reference Tables 4-3 through Tables 4-9.

24-3. Responsibilities

Accountants will ensure that all transactions affecting the government's equity are properly recognized in the SGL.

24-4. Accounting for Equity

The SGL chart of accounts contains five (5) major equity accounts. The accounts are defined as Appropriated Capital - 3100.0, Invested Capital - 3200.0, Results of Operations - 3300.0, Donations and Other Items - 3400.0, and General Fund Receipts- 3600.0. The use of the appropriate account depends on the type of activity being conducted. Detailed transactions which affect each equity account are further defined in Chapter 4, Tables 3 thru 9.

24-5. Appropriated Capital

"Appropriated Capital", SGL account 3100.0, are those funds appropriated by the U. S. Congress annually. This account is increased by supplemental actions or decreased by rescissions or withdrawals.

24-6. Invested Capital

"Invested Capital", SGL account 3200.0, represents the investment made by the U. S. government to maintain revolving and trust fund operations.

Invested capital consists of three basic elements:

a. The initial investment to commence operations.

b. The "net book value" or "fair market value" if net book value is unknown, of assets transferred in without reimbursement.

c. The "net book value" or "fair market value" if net book value is unknown, of assets transferred out without reimbursement.

24-7. Results of Operations

a. Chapter 4 describes the nature of "real" and "nominal" accounts. Real accounts are not closed at the end of the fiscal year. In contrast, nominal accounts are closed to "Results of Operations" at the end of the fiscal year resulting in a zero balance in those accounts. The SGL nominal accounts will begin with zero balances in the subsequent year.

b. The "Results of Operations" equity accounts are divided into "net" and "cumulative" results. "Net Results of Operations" represents the current year's operating results while "Cumulative Results of Operations" represent the cumulative results of operations from inception.

24-8. Donations and Other Items.

This equity account (SGL 3400.0), reflects the net book or fair market values and any costs incurred to place the donated item in use. "Donations and Other Items" are comprised of contributions, devises, and bequests of real or personal property. Gifts consisting of money will be recorded in suspense account 21F3875.0111 until disposition instructions are received. Chapter 17 provides detailed instructions in the accounting for donations and gifts.

24-9. General Fund Receipts.

This SGL equity account (3600.0) reflects the collections made and deposited to the miscellaneous receipt account. General Fund Receipt accounting instructions are contained in the pro-forma entries, Table 4-3 through 4-9.

24-10. Closing of DBOF Equity Accounts

The Defense Business Operations Fund (DBOF) equity accounts require special treatment at year-end. SGL accounts 1011.* and 1012.* must be closed into SGL account 3211.4, Net Treasury Balance-DBOF. The journal voucher (JV) to support the closing transaction must be retained indefinitely by the installation. A copy of the JV must be forwarded to DFAS-Cleveland Center for permanent retention. SGL accounts 1011.* and 1012.* must reflect a zero balance on the post-closing trial balance (1 Oct).